

CENTRAL INTELLIGENCE AGENCY

2 December 1948

INTELLIGENCE MEMORANDUM NO. 58

SUBJECT: Soviet Military Expenditures in 1948.

- 1. The Soviet military expenditures for 1948 are estimated as follows:
(in billion of rubles)

Announced Budgetary allocation	66
Indirect and concealed expenditures	<u>59</u>
Total estimated military expenditures	125

- 2. The best available breakdown of the above estimated expenditures is submitted below:

For military establishments	36
For equipment and pilot models	25
Reserve Fund	<u>5</u>
Total for Ministry of Armed Forces	66

New construction for industrial support of armed forces included under allocation of 61 billion rubles for "capital investments" . 10

Material support provided by various ministries such as armaments, construction of military and naval enterprises, aviation, shipbuilding, communications, agricultural-machine building, chemical, transportation. . 15

Education and health. 5

Security organs, the MVD and MGB, performing military and para-military functions including intelligence (2/3 of total estimates of 26 billion rubles) 17

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NO CHANGE in Class.

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Scientific research7
Strategic stockpiling5

Total indirect expenditures 59

Total estimated military expenditures .125

Note: Not considered in total expenditures are considerable direct and indirect benefits accruing to Soviet military potential from the following sources:

- a. Satellite military production for Soviet account;
 - b. Reparations from former enemies in the form of plants capable of producing military equipment both in occupied areas and USSR;
 - c. Maintenance of occupation forces through requisitions.
3. In broadest sense, since USSR is a militarized state, all state expenditures are aimed at developing the nation's military potential to the utmost.
 4. At the official rate of 18.87 cents per ruble, the estimated Soviet military expenditures in the current fiscal year amount to about \$24 billion. Although the real value of the ruble is an unknown factor, it is estimated that the purchasing power of the "industrial" ruble is probably not more than 10 cents.
 5. It is more significant, however, to note that the estimated expenditures represent about 32% of the total budgetary appropriations and about 23% of the national income of USSR. The military expenditures of the US this year will absorb 30% of the Federal Budget and 6% of the national income.

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